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ECONOMIC DEFENSE POLICY REVIEW

Staff Study No. 4
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Promotion of Soviet Bloc Disunity Through Flexible
Application of Strategic Trade Controls

Problem:

To appraise the experience under, and the presently apparent utility of, the policy concept expressed in subparagraph 19 (e) of NSC 152/3, namely, "To decrease, through skillful flexibility in applying controls, the political and economic unity of the Soviet bloc".

Discussion:

1. The concept of the use of "skillful flexibility" in the application of export controls has to date been applied only unilaterally by the United States in the case of the food and drug shipments to three Eastern European satellites as flood relief in the summer of 1954. There has been no occasion to apply such "flexibility" on a multilateral basis.

2. The flood relief shipments were probably useful as a means of demonstrating to Soviet Bloc populations the continued friendship of the United States and in tempering somewhat their feeling of isolation from the Western world. It must be assumed, however, that the satellite governments had little fear that this action would operate to "decrease the political and economic unity of the Soviet bloc." The examples of East German (1953) and Albanian (1955) refusals of U.S. food shipment offers suggests that satellite governments decide, probably under instructions from the U.S.S.R.,

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when and whether it would be in their interests to accept such offers. Acceptance under such circumstances can be taken to signify an over-all Soviet bloc judgment that the shipments involved would not have adverse repercussions for the bloc's political or economic unity.

3. It appears doubtful if flexibility in the application of export controls could initiate any disunity within the bloc, although it might well serve to exploit and enhance any such disunity that might arise in the future from problems within the bloc. At present Soviet control over satellite political and economic affairs is sufficiently effective that it is hard to conceive of its being affected to any appreciable degree by Western economic approaches.

4. This is not to say that trade allowed by relaxation of controls on commodities in short supply would be rejected by a single member of the bloc. But it would be very difficult in such a case to estimate whether acceptance of such trade would work toward creating a breach between this single member and the rest of the bloc or whether it would in fact signify this member's intention, acting in concert with the rest of the bloc, to secure supplies for re-export within the bloc. Under prevailing conditions of bloc unity, the latter would be the more likely case. Even if a commodity could be identified which was in short supply in only one bloc country, relaxation of control on that commodity to that country could merely serve to solve a bottleneck in intra-bloc trade, thereby possibly enhancing rather than decreasing bloc unity.

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